

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

FRANCHISE GROUP, INC., *et al.*,<sup>1</sup>

Debtors.<sup>2</sup>

Chapter 11

Case No. 24-12480 (LSS)

(Jointly Administered)

**Hearing Date:**

**September 10, 2025 at 10:00 a.m. (ET)**

**Objection Deadline:**

**July 16, 2025 at 4:00 p.m. (ET)**

**FIRST AND FINAL FEE APPLICATION OF HILCO REAL ESTATE, LLC FOR  
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AS REAL  
ESTATE ADVISOR TO THE DEBTORS FOR THE PERIOD  
FROM NOVEMBER 3, 2024 THROUGH JUNE 2, 2025**

Name of Applicant:

Hilco Real Estate, LLC

Authorized to Provide Professional Services to:

Debtors and Debtors in Possession

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

<sup>2</sup> On June 6, 2025, every Debtor except Freedom VCM Holdings, LLC emerged from these chapter 11 cases and is now a Reorganized Debtor. *See Notice of (I) Entry of Confirmation Order, (II) Occurrence of Effective Date, and (III) Related Bar Dates* [Docket No. 1605].

Date of Retention:	December 16, 2024, effective as of November 3, 2024 [Docket No. 449]
Period for which compensation is sought:	November 3, 2024 through June 2, 2025
Amount of compensation sought as actual, reasonable and necessary:	<u>\$4,201,207 (80% of which is \$3,360,965.60)</u>
Amount of expense reimbursement sought as actual, reasonable and necessary:	<u>\$0</u>

This is a(n):   X   monthly            interim   X   final application

This is the applicant's first and final fee application.

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Pursuant to section 328 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure, Hilco Real Estate, LLC (“Hilco”) hereby moves the United States Bankruptcy Court for the District of Delaware (this “Court”) for final allowance of compensation for professional services rendered as real estate consultant to the above-captioned debtors and debtors-in-possession (collectively, the “Debtors,” and after the effective date of their chapter 11 plan, the “Reorganized Debtors”) in the amount of \$4,201,207 (80% of which is \$3,360,965.60) for the period commencing November 3, 2024 through June 2, 2025 (the “Fee Period”). In support of its final fee application (this “Application”), Hilco respectfully represents as follows:

### **BACKGROUND**

1. On November 3, 2024 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”). During these Chapter 11 Cases, the Debtors operated their business and managed their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On November 19, 2024, the Office of the United States Trustee for the District of Delaware appointed the Official Committee of Unsecured Creditors pursuant to section 1102 of the Bankruptcy Code [Docket No. 188]. On January 15, 2025, the Debtors appointed a fee examiner [Docket No. 747].

3. Hilco was employed as real estate advisor for the Debtors in connection with these Chapter 11 Cases pursuant to that certain *Order (I) Authorizing the Retention and Employment of Hilco Real Estate, LLC as Real Estate Consultant and Advisor for the Debtors, Effective as of the Petition Date; (II) Waiving Certain Requirements Imposed by Local Rule 2016-2; and*

(III) *Granting Related Relief* dated December 16, 2024 [Docket No. 449] (the “Retention Order”).

The Retention Order authorized Hilco to be compensated in the ordinary course of business and in accordance with the terms of the Real Estate Consulting and Advisory Services Agreement dated October 25, 2024 (as amended from time to time, the “Engagement Agreement”), provided that, Hilco was required to submit a final fee application with a summary of fees earned and expenses incurred along with a summary of what fees and expenses have been paid, in connection with these Chapter 11 Cases.

#### ***COMPENSATION PAID AND ITS SOURCE***

4. All services for which compensation is requested by Hilco were performed for or on behalf of the Debtors.

5. Attached hereto as Exhibit A are invoices and summary of the fees earned during the Fee Period by category as outlined in the Engagement Agreement.

#### ***SUMMARY OF SERVICES RENDERED AND BASIS FOR RELIEF***

6. The Debtors retained Hilco as the Debtors’ exclusive agent to provide real estate advisory services with respect to negotiating with third parties and the Debtors’ landlords (the “Landlords”) to enter into lease restructuring agreements in connection with certain of the Debtors’ unexpired leases of nonresidential real property (the “Leases”). To that end, Hilco has provided real estate consulting services to the Debtors including, but not limited to the following: (i) meeting with the Debtors to ascertain the Debtors’ goals, objectives and financial parameters; (ii) mutually agreeing with the Debtors with respect to a strategic plan for restructuring or terminating the Leases (the “Strategy”); (iii) negotiating the terms of restructuring and termination agreements with the Landlords under the Leases, in accordance with the Strategy; (iv) providing

periodic written reports to the Debtors regarding the status of such negotiations; and (v) assisting the Debtors in closing the Lease restructuring and termination agreements.

7. Hilco submits this Application for final allowance of reasonable compensation for the actual, reasonable and necessary professional services that it has rendered as real estate advisor for the Debtors in these Chapter 11 Cases for the period November 3, 2024 through June 2, 2025. For the period covered by this Application, Hilco seeks final approval of fees for services rendered in the amount of \$4,201,207 and actual, reasonable and necessary expenses totaling \$0.00.

8. In consultation with the Debtors and their bankruptcy counsel, Hilco developed a strategy to reduce the Debtors' ongoing Lease obligations. The Hilco team worked with the Debtors and their advisors to further revise deal structures to try to mitigate newly contemplated risks in what would be the go-forward portfolio. Hilco's negotiations resulted in the successful restructuring of 299 locations across 299 individual leases. Hilco achieved total lease savings of approximately \$53,676,327.00 for go-forward locations, when calculated by the full terms of the Leases. As such, Hilco's services drastically improved EBITDA for the potential go-forward locations. Given the results obtained, Hilco respectfully submits that the services for which it seeks compensation in this Application were necessary for, beneficial to, and in the best interests of, the Debtors. Hilco further submits that the compensation requested herein is reasonable in light of the nature, extent, and value of such services to the Debtors.

9. Hilco has endeavored to represent the Debtors in the most efficient manner possible. Moreover, Hilco has endeavored to coordinate with the other professionals involved in this case so as to minimize any duplication of effort and to minimize fees and expenses to the Debtors.

**THE REQUESTED COMPENSATION SHOULD BE ALLOWED**

10. Section 328(a) of the Bankruptcy Code provides the trustee, or a committee appointed under section 1102, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103, on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis. 11 U.S.C. § 328(a). Section 328 also says:

The court may allow compensation different from the compensation provided under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

11 U.S.C. § 328(a).

11. The foregoing professional services performed by Hilco were appropriate and necessary. They were in the best interests of the Debtors and other parties in interest. Compensation for the foregoing services as requested is commensurate with the complexity, importance and nature of the problems, issues or tasks involved. The professional services were performed in an appropriately expeditious and efficient manner.

*[Remainder of Page Intentionally Left Blank]*

WHEREFORE, Hilco requests that final allowance be made to it in the sum of \$4,201,207 as compensation for necessary professional services rendered to the Debtors for the Fee Period, and further requests such other and further relief as this Court may deem just and proper.

Dated: June 25, 2025  
Northbrook, Illinois

HILCO REAL ESTATE, LLC

A handwritten signature in black ink, appearing to read 'Eric W. Kaup', with a stylized flourish at the end.

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Eric W. Kaup,  
EVP, CCO & Special Counsel, Managing Member  
5 Revere Drive, Suite 206  
Northbrook, IL 60062  
Email: ekaup@hilcoglobal.com



**CERTIFICATION OF ERIC W. KAUP**

I, Eric W. Kaup, pursuant to 28 U.S.C. § 1746, to the best of my knowledge and belief, and after reasonable inquiry, hereby verify that:

1. I am the Executive Vice President, Chief Commercial Officer and Special Counsel of Hilco Trading, LLC, the managing member of Hilco Real Estate, LLC ("Hilco"), the applicant entity. I am duly authorized to make this certification on behalf of Hilco. Hilco was retained by Franchise Group, Inc. and its affiliated debtors (collectively, the "Debtors") as real estate consultant and advisor. This certification is made in support of the *First and Final Fee Application of Hilco Real Estate, LLC for Allowance of Compensation for Services Rendered as Real Estate Advisor to the Debtors for the Period from November 3, 2024 Through June 2, 2025* (the "Application") and in compliance with Rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

2. I am familiar with the work performed on behalf of the Debtors by the professionals in Hilco.

3. I have read the Application, and I certify that the Application substantially complies with the Local Rules.

4. The facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief.

Dated: June 25, 2025  
Northbrook, Illinois

HILCO REAL ESTATE, LLC



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Eric W. Kaup,  
EVP, CCO & Special Counsel, Managing Member  
5 Revere Drive, Suite 206